HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

Housing starts will remain strong

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Overview

Housing starts:

2006: 227,900

2007: 209,100

Resales:

2006: 481,700

2007: 462,200

Housing starts: Starts will be strong this year coming in at 227,900 units representing their second highest level since 1988. Despite edging lower in 2007, housing starts will remain above the 200,000 unit level for a sixth consecutive year.

Resales: Sales of existing homes will register their second best year on record with 481,700 units in 2006. Sales of existing homes will move marginally lower next year to 462,200 as rising mortgage carrying costs eases homebuying activity.

Resale prices: Prices for existing homes will rise 12.0 per cent in 2006, their strongest growth since 1989. In 2007, price growth will moderate to 6.4 per cent as markets in many parts of the country move toward balanced conditions.

Provincial SPOTLIGHT

British Columbia: 2006 will be the sixth consecutive year in which housing starts have increased. A healthy economy, strong labour market, confident consumers, and relatively low mortgage rates will result in 37,000 housing starts this year, a 6.7 per cent increase from last year. (Details on Page 8)

Alberta: Economic and demographic factors will propel Alberta's total housing starts to reach 49,000 units this year, surpassing the previous record of 47,925 in 1978. The strong performance will continue into 2007, though starts will slip to 45,000 units as escalating ownership costs inhibit demand. (Details on Page 9)

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CMHC Housing Market Outlook Canada is your national sales, marketing, and business planning tool.

Canada

CMHC SCHL

HOME TO CANADIANS

National Housing Outlook

In Detail

Housing starts in Canada are forecast to just exceed last year's level, increasing 1.1 per cent this year to 227,900 units, their second highest level since 1988. Thus 2006 will be the fifth consecutive year in which housing starts exceed the 200,000 unit threshold. Although residential construction is forecast to decline next year, housing starts will continue to remain strong by historical standards through 2007. The forecast of 227,900 starts for 2006 represents a slight upward revision from the previous forecast of 222,200 starts due mainly to the stronger than expected demand in Alberta. Residential construction will slow next year with national housing starts easing 8.2 per cent to 209,100 units.

High employment levels and rising incomes will continue to support a historically high level of new home starts this year and next. Nonetheless, several factors will cause construction activity to ease in the latter part of this year and next. Much of the pent-up demand that built up during the 1990s has now been fulfilled and residential construction activity will gradually move in line with demographic fundamentals. Higher mortgage carrying costs due to slight increases in mortgage rates and continued price growth will also temper housing demand. Potential first-time buyer demand will fall as a result of these rising mortgage carrying costs, particularly as the gap between the cost of homeownership and renting widens. Lastly, the existing home market is expected to move toward more balanced conditions over the next couple of years. With fewer buyers and a larger inventory of existing homes for sale, there will be less spillover of buyers from the existing home market into the new home market.

This decrease in spillover demand is already being felt in Ontario and Quebec. As a result, the demand for new homes has slowed in both these provinces and housing starts in the first half of this year were down compared to last year's pace.

In the West, both Alberta and B.C. have recorded exceptionally strong job growth and continue to attract workers from other parts of the country. The resulting strong demand for housing has pushed housing starts up significantly in the first half of this year.

Single detached starts to ease in 2006 and 2007

The slowing trend that started in 2005 will continue this year and next. Single detached starts will fall 1.4 per cent to 118,800 units in 2006 and decline an additional 9.4 per cent to 107,600 units in 2007.

Starts of single-detached homes will decrease in most provinces in 2006. Double digit decreases will occur in Newfoundland (-27.7 per cent), PEI (-17.2), Quebec (-16.4 per cent), New Brunswick (-13.9 per cent), and Ontario (-10.0 per cent). The Prairies and British Columbia are the only regions where single starts will increase in 2006. Single starts will increase by 22.7 per cent in Alberta and 10.1 per cent in British Columbia. In Saskatchewan and Manitoba, single starts will grow by 7.2 per cent and 2.5 per cent, respectively.

Multi-family home starts to plateau in 2006

As mortgage carrying costs move higher, there will be a shift in demand from homebuyers toward less expensive multi-family homes. Unlike singles, multi-family housing starts (semi-detached, row, apartment units) will increase slightly to 109,000 units in 2006, representing a 19-year high. Multiple starts will remain robust in 2007 but will decline by 6.9 per cent to 101,500 units.

Apartment starts, which account for well over half of total multi-family starts, will increase this year by 7.5 per cent while row and semi-detached starts will decrease 3.9 per cent and 2.4 per cent, respectively.

Small gains in multiple starts are forecast in five of the ten provinces this year. However, a decline of 7.3 per cent in Québec will temper the overall Canada-wide increase.

MLS® sales will nearly match record in 2006

In the first half of this year, existing home sales, as measured by the Multiple Listing service (MLS®), have been running slightly ahead of last year's record setting pace. Four and a half years of strong price growth combined with marginally higher mortgage rates will ease demand for existing homes in the latter part of this year and next. MLS® sales will come in at 481,700 units in 2006, nearly matching last year's record, then decrease 4.0 per cent to 462,200 units in 2007. A rise in the number of new listings coming on to the market will give potential home buyers more choice and move the existing home market closer to balanced conditions .

Sales are forecast to decline in all regions except in the Prairies. MLS® sales in Alberta, Saskatchewan, and Manitoba will rise by 13.9 per cent, 5.3 per cent and 1.5 per cent, respectively.

Record double digit MLS® price gains in 2006

Accelerating price growth in the western provinces will lead to a 17-year high price increase of 12.0 per cent in 2006. In 2007, higher listings and lower MLS® sales will move the resale market toward more balanced conditions and growth in average MLS® prices will slow to 6.4 per cent.

Trends Impacting Housing

The Economy

Canada's real gross domestic product (GDP) grew at an annualized rate of 3.8 per cent in the first quarter of 2006. Interest sensitive sectors of the economy continued to perform well. Consumer spending on durable and semi-durable goods recorded very strong increases in the first three months of this year. Low interest rates, strong job growth, and rising incomes all contributed to the strength in personal expenditures.

Strong gains in personal disposable income enabled an increase in the personal savings rate alongside the sharp rise in consumer spending in the first quarter. Despite a decline in corporate profits, investment in machinery and equipment moved higher as businesses took advantage of low borrowing costs and a strong Canadian dollar. The high dollar, however, has made Canada's manufacturing sector less competitive which has hurt the export of manufactured goods.

The Canadian economy is now operating slightly above its full capacity. There are increasing inflationary risks from the growth in wages and salaries. So far, there has been little evidence of any pass-through of rising wages to core inflation with the year-over-year core consumer price index up just 1.7 per cent in June compared to a year ago. However, additional reductions in monetary stimulus may be necessary in the future if inflationary pressures begin to rise.

Mortgage Rates

Moderate inflation and a strong Canadian dollar vis-à-vis the U.S. dollar will keep increases in Canadian interest and mortgage rates modest over the remainder of this year and in 2007.

Canadian short-term rates are expected to increase by about 100-125 basis points in 2006, with the bulk of the increase already in place. Longer-term interest rates in Canada are forecast to increase by 10-50 basis points in 2006. In 2007, interest rates in Canada are expected to stay within 25 basis points of their 2006 levels.

While mortgage rates have risen by 50-75 basis points so far this year, they are still low by historical norms. Mortgage rates are expected to remain relatively stable in the second half of this year and in 2007. One, three and five-year posted mortgage rates are forecast to be in the 5.75-6.75, 6.00-7.00, and 6.25-7.25 per cent ranges respectively in 2006-07.

Migration

Immigration into Canada will exceed the 220,000 to 245,000 target range for new permanent residents per year in 2006 and 2007. Net migration (immigration minus emigration) will increase by 7.9 per cent to about 230,000 people in 2006 and by an additional 4.1 per cent to 239,500 net migrants in 2007. The high level of net migration will add to housing demand with the majority of newly arrived immigrants initially settling in rental accommodations. An increasing share of migrants will move into home ownership as time passes.

Although the top three destinations for new arrivals will be Ontario, Quebec and British Columbia, Alberta is attracting an increasing share of international immigration. Furthermore, Alberta's strong economy will continue to draw thousands of workers from other provinces. Strong positive net-interprovincial migration in Alberta, and to a lesser extent toward B.C., will boost demand for both rental and ownership housing in these provinces in 2006 and 2007.

Employment and Income

A surge of full-time jobs in May pushed the seasonally adjusted unemployment rate to 6.1 per cent, the lowest unemployment rate in over three decades. The employment to population ratio also reached new heights in May at 63.2 per cent. With a record share of Canadians employed, future job growth will become increasingly constrained by growth in population.

Given the strong growth of over 200,000 jobs already achieved in the first half of this year, employment is forecast to grow by 2.0 per cent this year and 1.6 per cent in 2007. The unemployment rate will fall for a fourth consecutive year to 6.2 per cent this year and drop even lower to 6.0 per cent in 2007.

Alberta will lead the country with 3.8 per cent employment growth in 2006 and 2.4 per cent growth in 2007. Employment growth will also be relatively strong in British Columbia at 3.1 per cent in 2006 and 2.3 per cent in 2007. In contrast, job growth in the other eight provinces will be below two per cent both this year and next.

Tight labour market conditions have led to strong growth in average weekly earnings, particularly in western Canada. Income and employment growth will continue to support high levels of housing starts this year and next.

Trends at a Glance

Key factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates will edge higher in the second half of 2006 and into early 2007. Although mortgage rates rose marginally in the first half of the year, the higher rates combined with rising house prices have pushed up mortgage carrying costs. These higher mortgage carrying costs will slow home ownership demand, particularly for first-time buyers.
Employment	With a record high employment-to-population ratio, the economy is operating at full-employment. Thus, future job growth will be constrained by population growth. Much of the recent job growth will continue to stimulate housing demand into 2007.
Income	A tight labour market will continue to support strong income growth. Rising incomes will partially offset higher mortgage carrying costs, thereby lessening the anticipated drop in home ownership demand.
Net Migration	Net migration will continue to rise this year and next as international immigration continues to strengthen. Ontario, Quebec, and British Columbia will continue to attract the bulk of the international immigrants. Alberta, however, will continue to attract a large number of net migrants from the rest of Canada.
Natural Population Increase	As Canada's population ages, a smaller proportion of people will be in their child bearing years and the birth rate will continue to slow. The rate of increase in the natural population (births - deaths) will continue to slow. This will lessen the demand for additional housing stock in the longer term.
Consumer Confidence	The Conference Board of Canada's index of consumer confidence remains strong and is expected to remain firm throughout the forecast period. Confident consumers will continue to support demand for home ownership.
Resale Market	MLS® sales will register their second best year on record in 2006 before moderating in 2007. Easing demand combined with an increasing supply of new listings will move the resale market toward more balanced territory. However, 2006 will mark the strongest price growth since 1989 due to the sharp price gains recorded in the first half of this year in western Canada. The rate of increase in the average existing home price will slow in the latter half of this year and next.
Vacancy Rates	The growth in rental demand due to increased immigration will be offset by modest rental construction, and increased competition from the condo market. As a result, vacancy rates across Canada's metropolitan centres will edge higher in 2006.

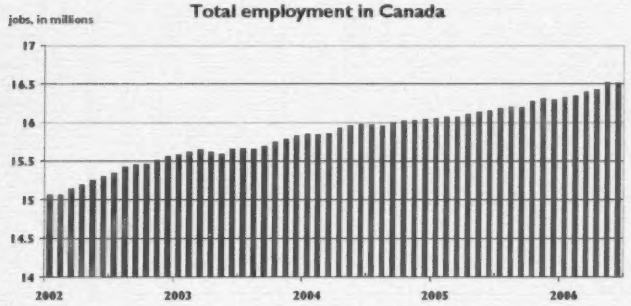
RENOVATION FORECAST

Record levels of existing home sales in recent years, the effects of a strong job market, and robust housing starts will continue to support growth in renovation spending in 2006. However, the rate of increase in renovation spending is expected to moderate in 2007 due to slower job growth and a decrease in new home construction and resale activity.

Renovation spending will continue to grow

Renovation spending, which has progressed at a steady pace since 1999, will continue its upward trend at least until 2007. The renovation market will continue to benefit from the strong economic growth of recent years and the solid performance of the housing market. In Particular, record high employment levels have translated into steady income gains which in turn have helped boost consumer confidence and provide greater financial means for households to upgrade their homes. Low mortgage rates, record sales of existing homes, and high levels of housing starts over the last five years have also contributed to the pick-up in renovation activity.

Total employment in Canada



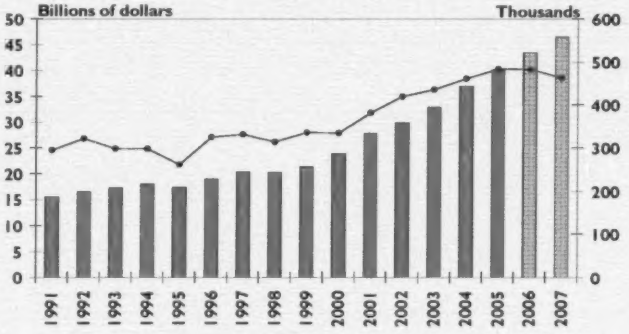
Sources: CMHC, adapted from Statistics Canada (LFS)

Looking ahead, renovation spending will climb by 8.2 per cent to reach $43.5 billion in 2006. Growth in renovation spending will slow to 6.9 per cent in 2007 to reach $46.5 billion.

Another record level year on the resale market in 2006

Sales of existing homes are the main driving force behind renovation spending. MLS® sales established a new record of 483,000 units in 2005, surpassing the previous record set in 2004 by over 22,000 sales. Generally, households tend to renovate within the first three years following the purchase of an existing home.

Renovation vs resales



Source: CMHC, Canadian Real Estate Association, Statistics Canada

Sources: CMHC Forecast 2006-2007, Canadian Real Estate Association

This year the level of sales of existing homes is expected to stabilize at 481,700 units. In 2007, existing home sales will drop by 4.0 per cent. Still 2007 will be the fourth year in which sales exceed the 450,000 unit threshold. The record setting pace of resale activity in recent years and the continued high volume of activity over the forecast period will provide a solid foundation for renovation spending, as the new owners invest in home improvements.

Modest rise in mortgage rates will have mitigated impact on financing renovation

Rising house prices have increased the amount of equity available to homeowners to borrow against to finance their renovation projects. Tapping into home equity represents a major source of financing renovation activity. The modest mortgage rate increases will have a slight dampening effect on renovation spending.

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Atlantic: Renovation spending continues its upward trend in 2006 and 2007

Rising mortgage rates, combined with rising raw material and labour costs, are leading potential homeowners to shift from the new home market to the existing home market, which has also experienced strong sales and new listings in 2006. A strong resale market benefits the renovation market as homebuyers personalize their homes. Moreover, the rising cost of new housing will cause some potential homeowners to upgrade their current home, further strengthening the renovation market. This will be offset, to a certain extent, by rising mortgage rates which are expected to cool refinancing activity, a key source of funding for renovations over the past five years. Furthermore, rising homeownership carrying costs and energy prices will leave many households with less discretionary income to spend on desired renovations. Notwithstanding these dampening factors, with MLS sales and consumer confidence forecast to remain at historic high levels in Atlantic Canada, the outlook for renovation spending remains positive for both 2006 and 2007.

Quebec: Renovation investment will be sustained

Continued strength in the resale market shall help sustain renovation investment in Quebec over the next two years. As a result, spending in this sector is expected to surpass $10 billion in 2006 and $11 billion in 2007. However, moderate job creation, rising price pressures and interest rates, slower resale market activity and indications of weaker consumer intentions to renovate will act as dampers on growth in renovation spending during this period.

Ontario: Renovation spending will remain strong

Despite a gradual easing, Ontario home sales will only dip modestly below all time record levels set in 2004. Renovation spending across the province is strongly correlated with resale activity suggesting that spending will remain strong - likely breaking 16 billion dollars this year and next. Healthy income growth and rising home prices will also be important drivers of renovation activity. This is particularly true in an environment of rising detached home prices. Households unable to find value in the single detached home market will increasingly continue to invest in their own homes hoping to reap the future rewards of higher home equity.

Prairies: Alberta will lead the Prairies in 2006

Alberta will lead renovation spending across the Prairie Provinces in 2006. However, Manitoba and Saskatchewan will record stronger year-over year gains. Manitoba spending will increase 27 per cent in 2006 and 12 per cent in 2007 as a lack of resale listings are encouraging potential buyers to stay put and renovate. Manitoba has also witnessed a noticeable increase in higher-end renovations as homeowners tap into equity gains from the past four years. Renovation spending in Saskatchewan is expected to jump 18 per cent in 2006 and another nine per cent in 2007 as residents take advantage of provincial grants for retrofitting their homes. In Alberta, record resale transactions in 2006 will be credited for a 24 per cent jump in renovation spending in 2007 after posting a 14 per cent gain this year. Tremendous gains in equity will also allow existing homeowners in Alberta to finance future home renovations.

BC renovation activity reflects active resale market

In 2005, British Columbians spent $5.1 billion on new floors, kitchens, bathrooms, roofs, and other home improvements, repairs and maintenance. This robust level of renovation activity is a reflection of the age of BC's housing stock and the record level of home sales. Roughly seven per cent of the province's housing stock changed owners in 2005, resulting in people fixing up their residences for sale and making cosmetic and structural changes to newly purchased homes. The 2001 Census showed more than half of BC's houses were built more than 20 years earlier.

Looking ahead, resale activity will remain above the 100,000-mark this year and moderate slightly next year. The increasing popularity of new fixtures and renovation products will fuel increased spending on alterations and improvements. Rising energy prices will encourage energy efficient renovations as well. As a result, spending on renovation will increase 8.3 per cent in 2006 and 8.0 per cent in 2007.

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Renovation and construction expenditure

		Renovation			Construction		
		2005	2006F	2007F	2005	2006F	2007F
Newfoundland	($ millions)	673	700	715	398	415	425
	(% change)	5.2	4.0	2.1	1.3	4.3	2.4
P.E.I.	($ millions)	153	146	149	118	115	118
	(% change)	14.5	-4.5	2.1	-7.7	-2.8	2.6
Nova Scotia	($ millions)	1,254	1,330	1,400	764	790	810
	(% change)	11.9	6.1	5.3	3.4	3.5	2.5
New Brunswick	($ millions)	954	985	1,000	510	536	543
	(% change)	9.1	3.2	1.5	3.2	4.9	1.3
Quebec	($ millions)	9,968	10,859	11,379	7,798	7,694	7,651
	(% change)	7.7	8.9	4.8	-4.0	-1.3	-0.6
Ontario	($ millions)	15,903	16,698	17,299	13,958	15,200	16,232
	(% change)	9.2	5.0	3.6	-0.9	8.9	6.8
Manitoba	($ millions)	1,223	1,552	1,741	660	754	799
	(% change)	9.9	26.9	12.2	8.0	14.2	6.0
Saskatchewan	($ millions)	1,050	1,239	1,352	473	535	571
	(% change)	7.2	18.0	9.1	12.2	13.2	6.7
Alberta	($ millions)	3,869	4,426	5,474	5,981	8,423	8,629
	(% change)	10.1	14.4	23.7	25.2	40.8	2.4
British Columbia	($ millions)	5,108	5,520	5,950	5,956	7,450	8,000
	(% change)	8.7	8.1	7.8	11.3	25.1	7.4
Canada	($ millions)	40,154	43,455	46,459	36,617	41,911	43,778
	(% change)	8.9	8.2	6.9	4.3	14.5	4.5

Source: Statistics Canada, CMHC forecast 2006 and 2007.

Renovation Expenditure Breakdown
(millions of dollars and annual percentage change)

	2005	2006F	2007F
Alterations & Improvements	29,319	31,730	33,937
%	8.6	8.2	7.0
Repairs	10,835	11,725	12,522
%	9.5	8.2	6.8

Source: Statistics Canada, CMHC forecast 2006 and 2007.

CMHC Renovation Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

Alterations and improvements: Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

Repairs: Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

British Columbia

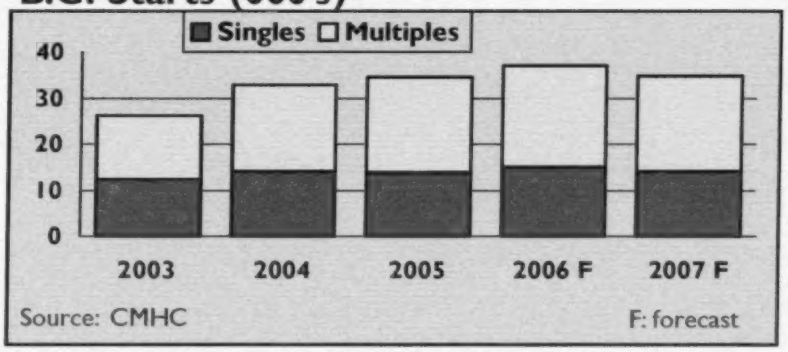
Overview

Housing Expansion Reaches Record Duration

Growth in new home construction in British Columbia entered its sixth consecutive year in 2006, marking the longest up-swing since the 1985-1989 expansion and the most consecutive years of growth on record. A healthy economy, a strong labour market, confident consumers, and relatively low mortgage rates will result in 37,000 housing starts this year, a 6.7 per cent increase from last year. In 2007, housing starts in B.C. will decrease to 34,900 units.

The provincial housing sector will benefit from above-average economic growth of 3.5 per cent this year and next. Investment and consumer spending will continue to be the key drivers of growth. High commodity prices will continue to generate jobs and income growth. However, a relatively high-valued Canadian dollar will encourage consumer purchases of imports and businesses investment in machinery and equipment. This will result in slower growth in domestic production than in 2005 and trade will become a drag on economic growth. Nevertheless, the province will experience broad-based economic growth that will benefit most regions of the province.

B.C. Starts (000's)



Source: CMHC F: forecast

British Columbia's employment performance has surpassed many other provinces since 2004. During the past two years, much of the job growth was concentrated in full-time jobs and included growth in the higher-paying goods sector. As a result, the province has seen growth in wages and salaries above the national average. More recent developments in the labour market, particularly the concentration of new jobs in the services-sector, could mean smaller wage gains this year.

Strong job growth has pushed the unemployment rate to historical lows in 2006 making the province a destination for job seekers. British Columbia continues to draw people from other countries and provinces, despite the magnetic attraction of Alberta. In 2006 and 2007, the unemployment rate will continue to decline, averaging 4.7 per cent and 4.4 per cent, respectively. As a result, provincial population growth will exceed the national growth rate, fuelling housing demand.

In Detail

Single Starts: In 2005, single-detached housing starts declined as a land supply crunch and labour shortages held back this segment of the residential construction sector. Conditions have improved in 2006 with subdivisions opening up in areas of the Lower Mainland and Victoria, and a larger workforce. As a result, there will be 15,100 single-detached starts in 2006, falling to 14,000 units in 2007.

Multiple Starts: Multiple-unit starts will climb to an eleven-year high of 21,900 units in 2006 as demand for this type of housing continues. New construction will be concentrated in higher density projects reflecting rising land costs. Nearly three quarters of these multiple-unit starts will be apartments; semi-detached units will comprise less than 8 per cent of all new multiple-units started in 2006 and in 2007. Multiple starts will decrease to 20,900 units in 2007.

Resales: British Columbia will continue to lead the provinces in resale activity per capita. The active resale market will record more than 100,000 MLS® sales this year and 97,000 resales in 2007.

Prices: Sellers' market conditions will prevail in most markets around the province. New listings are trending up in some markets, including Victoria, providing more choice for buyers. However, with demand for homes in established neighbourhoods exceeding supply, the average resale price in British Columbia will reach $391,700 in 2006 and $425,600 in 2007.

Provincial Highlight

An increasing supply of available homes for sale in the resale market will provide more choice for consumers and result in smaller price gains in 2007. For example, Victoria active listings of single-detached homes are at their highest level in five years and listings of condominiums are at a seven-year high. Kelowna active listings of single-detached homes are slightly higher than 2005, up from record lows reached in 2003 and 2004. There has been an increase in active listings of Kelowna-area condominiums as new units are being marketed through the MLS® system. However some housing markets are experiencing a drawdown in the number of existing homes for sale. After an upturn in 2004, active listings in Vancouver resumed their downward trend last year and into this year. During the first five months of 2006, active listings of single-detached homes in Vancouver were down 17 per cent from the same period in 2005 and there were 19 per cent fewer condo apartments for sale.

Alberta

Overview

New records expected for housing starts and MLS® sales

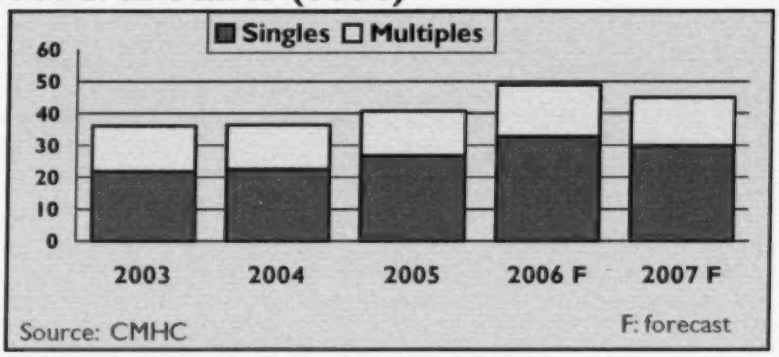
Economic and demographic factors will propel Alberta's residential construction industry to new heights in 2006. Total housing starts are expected to reach 49,000 units this year, surpassing the previous record of 47,925 in 1978. The strong performance will continue into 2007, though starts will slip to 45,000 units as escalating ownership costs inhibit demand.

Record low unemployment, abundant job opportunities, and impressive income growth will attract substantial levels of interprovincial migrants in 2006 and 2007. In previous years, many of those migrants arrived from British Columbia. Currently, however, Alberta is increasingly reliant on its eastern neighbours for interprovincial migrants. Alberta's Provincial Nominee Program will also boost international migration to the highest level in 16 years. As a result, expect total net migration to mirror the 24-year high of 59,043 net migrants recorded in 2005.

The elevated levels of migration are providing much needed additions to Alberta's labour force. Combined with an increase in the participation rate, this will result in 3.8 per cent employment growth in 2006, the strongest gain in eight years. While this gain is impressive, it is still insufficient to satisfy the needs of the booming Alberta economy. In 2007, employment growth will scale back to 2.4 per cent. While net migration will continue to expand the labour force, the high participation rate will serve to inhibit job growth.

Alberta's economy is generating mounting price pressure in the residential and non-residential construction sectors. A number of energy-related and infrastructure projects are reporting cost overruns, while the cost of home construction is increasing at a record pace. A recent release of the New House Price Index (NHPI) for Alberta showed a 41 per cent increase in the cost of building a home compared to the previous year. Many of these increases can be attributed to Alberta's tight labour market. In June, average earnings in Alberta were up about eight per cent from a year ago, more than double the national increase.

Alberta Starts (000's)



In Detail

Single Starts: In 2005, builders started a record 26,684 units despite poor weather and labour shortages in most markets. Recent employment gains in the construction sector have boosted capacity this year, which will enable builders to fulfil much of the unsatisfied demand from 2005. As a result, a record of 32,750 single-detached units will be built this year. While single-detached units will remain the preferred choice for buyers moving forward, escalating production costs, higher mortgage rates, and additional resale selection will moderate demand. Expect a decline in single-detached construction in 2007 to 30,000 units, representing the second best year on record.

Multiple Starts: Starts for homeownership will reach a new record in 2006, pushing total multi-family construction to the highest level since 1982. Rising ownership costs are prompting a number of buyers to consider the less expensive multi-family market, while investors and a shortage of resale listings are also contributing to activity. Expect 16,250 multi-family starts in 2006 and another 15,000 units next year.

Resales: Despite escalating prices and a shortage of active resale listings, MLS® sales in Alberta will set a new record of 75,000 units in 2006. Demand will be fuelled by strong population gains and a lack of inventory in the new home market. In 2007, sales will slip slightly to 73,000 units as escalating prices inhibit demand.

Prices: A severe shortage of active listings, coupled with record demand in most markets, is contributing to unprecedented price growth in Alberta. Prices are forecast to jump 27.7 per cent this year, more than double the highest rate of price growth ever recorded. In 2007, price growth will moderate to 11.2 per cent as more listings enter the market. Alberta will overtake Ontario next year as the second most expensive resale market in the country.

Provincial Highlight

Fuelled by heightened energy royalties, Alberta finished the 2005-2006 fiscal year with a record $8.7 billion surplus. This marks the twelfth consecutive year of a surplus for the province.

Elevated energy prices boosted Alberta's resource revenues to a record $14.3 billion, nearly $4 billion higher than the previous record that was established five years ago. None of these revenues were required for debt reduction, as the province's debt was eliminated in the previous fiscal year. The provincial government distributed $1.3 billion in resource rebate cheques to Albertans, amounting to $400 per person.

Saskatchewan

Overview

Housing markets resilient to migratory exodus

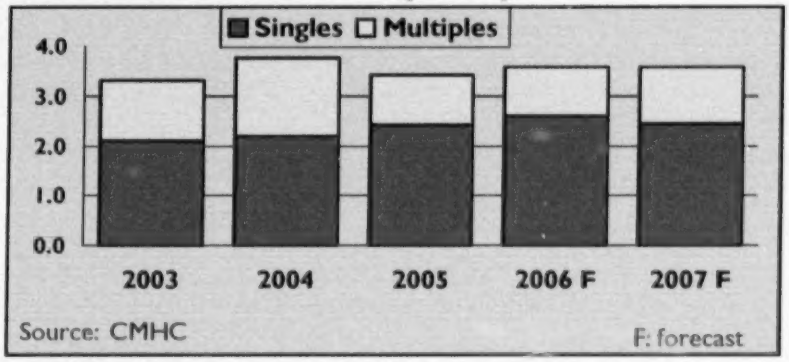
Despite persistent migratory outflows, housing starts in Saskatchewan will remain elevated thanks to strong activity within the two largest urban centres. Total housing starts are expected to increase five per cent to 3,600 units in 2006 and remain unchanged in 2007. Next year will represent the fifth in succession that starts have surpassed 3,000 units.

Saskatchewan's economy will continue to benefit from strong global demand for its natural resources. Higher commodity prices and output in the oil and natural gas, potash, and uranium industries will help the economy grow by 2.9 per cent in 2006. Such activity will boost resource royalties for the province, leading to healthy capital expenditures and the potential for further tax cuts. In 2007, the opening of the Cigar Lake uranium mine will further advance the economy by 3.1 per cent.

While Saskatchewan's economy will record healthy gains over the forecast period, the level of employment growth will be comparatively weak. Expansion in Saskatchewan's resource sector requires additional capital spending but is not labour intensive. This, combined with a static labour force, will contribute to only 0.4 per cent job growth in 2006 and 0.7 per cent in 2007. Nonetheless, labour shortages will persist as evidenced by a decline in the unemployment rate to below five per cent.

Despite solid economic growth and tight labour market conditions, Saskatchewan continues to experience a steady outflow of migration. In 2006, neighbouring Alberta will draw the highest level of net migration in 25 years, many of which will arrive from Saskatchewan. The province will lose 7,800 migrants in 2006 before improving slightly next year. Reduced taxes and a declining unemployment rate will stem some of the losses to other provinces in 2007, while the Provincial Nominee Program will yield continued improvement of international migration.

Saskatchewan Starts (000's)



In Detail

Single starts: Driven by strong activity in Regina and Saskatoon, single-family housing starts across the province are on pace for 2,600 units in 2006. This represents a seven per cent increase over the 2005 figure and the best annual performance since 1987. Higher mortgage rates and home prices will boost mortgage carrying costs in 2007 while declines in population will also weaken demand. As a result, expect a 5.8 per cent decrease in single starts to 2,450 next year.

Multiple Starts: Following a 36 per cent decline in construction in 2005, multiple housing starts are expected to increase over the forecast period. Supply was down significantly in the first quarter of 2006 providing developers an incentive to increase starts to replenish inventories. Expect 1,000 units to be started this year before increasing to 1,150 in 2007.

Resales: Led by stronger activity in Regina, existing home sales in Saskatchewan are on pace for their best year since 1996. Expect 8,750 residential transactions to occur in 2006, representing the third successive year of growth. We expect minor slippage to 8,700 sales in 2007 due to higher carrying costs and weak migration.

Prices: Though gains have been slower in the first half of this year, the average price trend for existing housing is continuing its upward swing. Price appreciation and an increase in the number of sales in higher price ranges are both driving up the average sales price. Following an 10.8 per cent gain in 2005, average resale prices in Saskatchewan will increase 7.5 per cent in 2006 and 6.1 per cent in 2007.

Provincial Highlight

A recently published CMHC Research Highlight entitled *Aging, Residential Mobility and Housing Choices* provides insight into the surge in new condominium development for seniors and suggests this market is headed for expansion.

CMHC sponsored research indicates that 55 per cent of the seniors who moved to condominiums indicated that the desire for a smaller home and/or health concerns influenced their desire to move. The report further suggests that, based on certain assumptions, between 20 and 30 per cent of seniors living in single-family dwellings at age 65 will move out of those units in the ensuing 18 years.

Manitoba

Overview

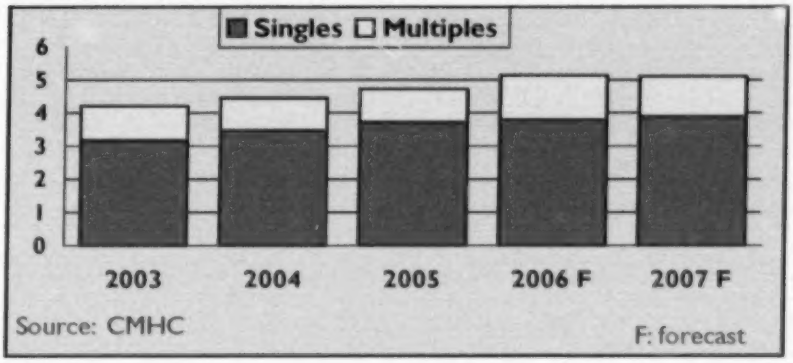
Housing starts hit 18-year high

Buoyed by favourable demographic and economic conditions, housing starts in Manitoba will surpass 5,000 for the first time since 1988. Total housing starts are forecast to reach 5,150 units in 2006 and 5,100 units next year.

The Manitoba economy is expected to grow by 3.1 per cent in 2006 and 2.6 per cent in 2007, significantly higher than the average over the previous five years. Private and public investment will fuel much of the economic growth this year, as housing starts and a number of significant non-residential projects reach their peak. These include the Red River Floodway expansion, the Winnipeg Airport, Manitoba Hydro's new office tower, and the start of the Wuskwatim hydroelectric generating station. Export growth will also provide a boost to GDP, led by continued gains in electricity exports.

Job growth will remain modest in Manitoba and will continue to fall short of the national average. Nonetheless, the forecast employment expansion of 1.3 per cent for 2006 will represent the best annual performance in four years. In 2007, expect employment growth to slip to 1.1 per cent as it continues to be hampered by a shortage of skilled workers. Since 1997, Manitoba has experienced the second lowest unemployment rate in the country.

Manitoba Starts (000's)



In 2005, Manitoba's net migration was negative for the first time in four years as the Alberta economy proved to be a strong magnet for interprovincial migrants. While interprovincial migration will remain negative over the forecast period, gains via international migration will more than offset the losses to other provinces. Manitoba's Provincial Nominee Program will continue to draw international migrants at an unprecedented pace, boosting total net migration to 2,700 in 2006 and 4,250 in 2007.

In Detail

Single Starts: Single-detached starts have exceeded 3,000 units for the past four years. Activity will reach 3,800 units in 2006 and increase to 3,900 units 2007. The last time the single-detached market experienced such a performance was in the mid 1980s when annual starts surpassed 3,000 units for six consecutive years. Current activity is being underpinned by a lack of supply in Winnipeg's resale market and population growth in centres under 10,000 residents.

Multiple Starts: Multiple-family starts are expected to reach their highest level since 1988, with 1,350 units in 2006 and 1,200 in 2007. About 70 per cent of the starts will take place in Winnipeg. Many of these are condominium projects and are geared towards first-time buyers as well as seniors seeking a more care free lifestyle.

Resales: Record resale activity in Winnipeg this year and next will lead to records at a provincial level. Winnipeg accounts for about 90 per cent of the resale activity in Manitoba. Total MLS® sales in Manitoba will rise from 12,950 units in 2006 to 13,200 in 2007.

Prices: The average resale price continues to be influenced by a lack of listings and more sales at the top end of the market. The provincial average MLS® price is expected to increase by 12.4 per cent to surpass $150,000 in 2006. As a result, Manitoba will experience the third highest gain in the average resale price among all provinces. Listings are anticipated to increase in 2007 as existing homeowners attempt to capitalize on equity gains. The increased supply of active listings will ease the upward pressure on prices. The average provincial MLS® price will rise 8.3 per cent in 2007.

Provincial Highlight

Manitoba's housing starts on a per capita basis continue to lag the national average. However, the differential has narrowed since 2001. Over this period, housing starts in Manitoba increased at a compound annual rate of 13.1 per cent compared to 8.2 per cent for rest of Canada. Over the same period, Manitoba's population grew at a compound annual rate of 0.5 per cent versus one per cent for the rest of Canada. The differential will narrow further into 2007 as Canada experiences a more pronounced decline in new home construction.

Ontario

Overview

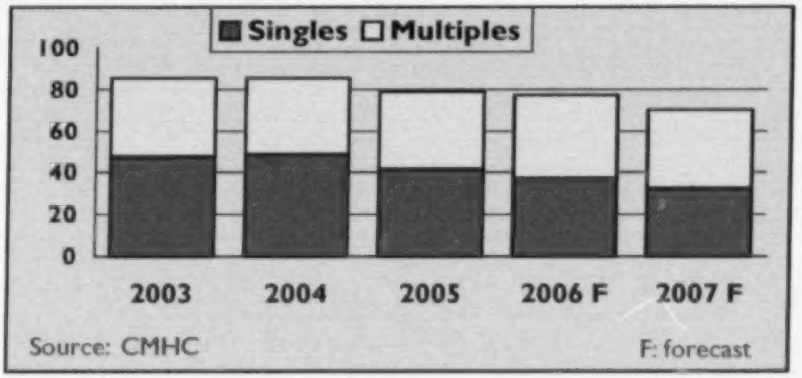
A Soft Landing Underway for Ontario Home Sales and Housing Starts

Less stimulative economic and demographic conditions suggest that Ontario home starts will moderate, but will remain above historical averages. Look for 77,000 and 70,000 home starts this year and next, respectively. Rising new detached home prices, more choice in the resale market, and land constraints will all dampen new construction activity.

While Ontario's economic growth will lag behind the Canadian average, the growth gap between Ontario and the rest of the country will narrow. To offset the competitive disadvantage of a high dollar, business spending on machinery and equipment will continue to grow. Productivity gains stemming from capital spending will gradually contribute to Ontario's competitiveness and growth picture. Similarly, domestic demand will remain healthy. Ontario incomes have supported consumers' willingness to spend despite the inflationary effects of rising energy prices. Consumer spending will continue adding to Ontario's economic growth, albeit at a slower rate. Ontario's well diversified economy will help keep job growth respectable. Look for the services sector to deliver the bulk of job gains given recent restructuring plans in Ontario's auto and forestry sectors.

Low Ontario birth rates combined with slower growth in net migration point to slower population growth ahead. While stronger immigration will boost population growth and housing demand, increases will be tempered by an outflow of Ontarians to the west.

Ontario Starts (000's)



In Detail

Single Starts: Despite a rapidly growing mid 40s population which prefers low density homes, demand for higher priced detached homes will cool. Decreases in single detached starts will weigh most on total home starts between now and the end of 2007. Single starts will fall to 37,500 and 32,500 starts in 2006 and 2007 respectively.

Multiple Starts: A shrinking but healthy pool of first time buyers looking for less expensive homes combined with provincial government efforts to promote higher density construction, suggest condominium apartments will remain in demand. Town homes will remain popular among those wanting to be closer to the ground. Multiple starts will increase to 39,500 units this year before edging lower to 37,500 units in 2007.

Resales: Sales through the Multiple Listing Service will pull back only modestly from an all-time record in 2004 as home prices and mortgage rates inch up. MLS® sales will decrease to 192,500 units this year and 184,000 units next year.

Prices: Ontario home prices have been growing at several times the rate of inflation. Rising existing home listings and a more balanced resale market will dampen the pace of house price growth relative to inflation. Look for Ontario home prices to rise by 6.6 and 3.8 per cent this year and next, respectively.

Provincial Highlight

Ontario's resale market has been classified in one of five ways historically: declining, buyer's, balanced, seller's or accelerating. Since the year 2000, the province's resale market has been in seller's territory. This means buyers out-number sellers, multiple offers and bidding wars can occur and prices generally grow in excess of the general rate of inflation. However, in the past year, rising borrowing rates, slower job growth and rising home listings have moved the market closer to a balanced state. A balanced market is a state where there is enough supply to meet demand, where there are few if any bidding wars and where prices tend to grow at the general rate of inflation.

Quebec

Overview

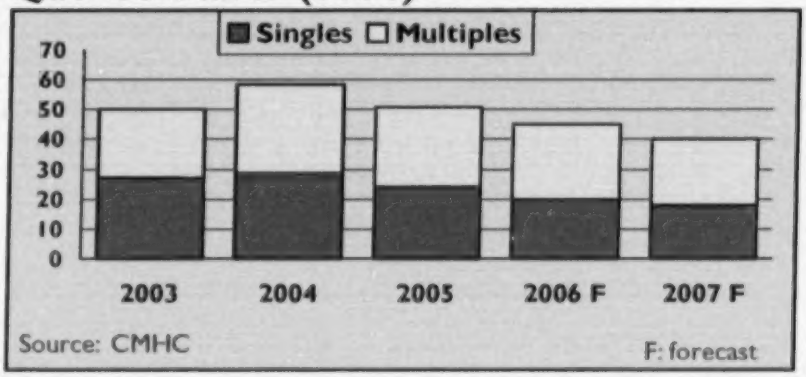
Housing starts to decline in 2006

Declining residential construction, a dip in sales of existing homes, weaker price growth and a more balanced rental market will be the hallmarks of Quebec's housing market in 2006. Modest economic growth, rising mortgage carrying costs, and the erosion of pent up demand will cause demand for ownership housing to slow. Housing starts will drop by 11.6 per cent in 2006 to 45,000 units and will decrease to 40,000 units by 2007.

While the province's economy is still in expansion mode, thanks to robust consumer spending and private investment, several factors are holding back growth. A strong dollar and higher energy costs are making Canadian goods more expensive in the U.S. and thus affecting demand. Meanwhile, rising labour costs continue to threaten the province's all important manufacturing sector as firms increasingly move their production abroad. As the provincial government attempts to balance its budget, spending remains limited, while on the municipal front, notable increases in property taxes have occurred. Given this context, we expect GDP growth of 2.4 per cent and employment to rise just above the one per cent level in 2006.

The province's demographic landscape shall remain an important source of housing demand. However, as immigration stays strong, the interprovincial component shall be weakened by attractive western labour markets. Nevertheless, total net migration is poised to rise to 31,500 in 2006.

Quebec Starts (000's)



Source: CMHC F: forecast

In Detail

Single Starts: Rising listings of resale homes combined with rising price levels and interest rates shall weaken single starts this year and next. This situation shall be compounded by the gradual shifting of demand toward the less expensive multi-family market. Single-family starts should thus record 20,000 units in 2006 and 18,000 in 2007.

Multiple Starts: Multi-family housing starts will decrease but shall remain relatively high as migration remains strong and population aging continues to generate demand for condominiums and seniors residences. It is expected that 25,000 multi-family units shall be started in 2006 and 22,000 the following year.

Resales: After three years of strong activity, sales of existing houses will begin to decline in 2006, as demand reacts to rising mortgage carrying costs and lacklustre growth in the provincial economy. The decline, however will be limited because a larger share of home buyers will turn to the resale market. Transactions recorded by the Multiple Listing Service (MLS®) will achieve 70,000 units in 2006 and 66,500 units in 2007.

Prices: Increased supply of existing homes and cooling demand shall move this market toward more balanced conditions in 2006 with slower price growth. As a result, the average MLS resale price should increase by 6.7 per cent to reach $197,000 in 2006, and by 3.0 per cent to $203,000 in 2007.

Provincial Highlight

The amount of time required to build a house has been on an upward trend in Quebec for the past decade. Overall, in Quebec's major urban areas, it took an average of one and a half months longer to build a home in 2004 than it did in the 1990s. Among the likely causes is the increase in demand for new dwellings such that supply could not keep up, for lack of labour. For builders, it is all the more difficult to find skilled tradespeople during peak periods, as the wages, which are higher in the nonresidential sector, often incite these workers to opt for the better paying jobs. When accounting for building size we see that construction times are 1.4 months longer for single-detached houses and 2.7 months longer for larger buildings (50 to 99 units). With the current slowdown in construction and innovations in construction methods, the trend should reverse itself over the coming years. While the data for 2005 seems to be indicating a significant decrease in construction times, we should bear in mind that close to 3,000 buildings started last year are still under construction. We will therefore have to wait several more months before getting the real picture for 2005.

New Brunswick

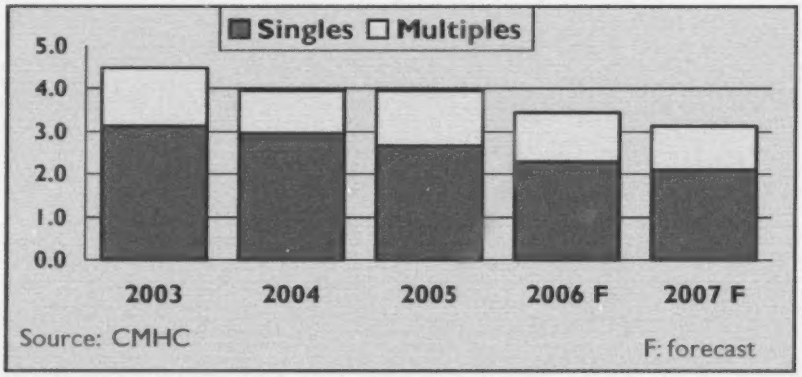
Overview

Economic Growth Steady

A steady performance, supplemented by a moderate acceleration in growth, is expected in 2006. Capital investment, from both the private and public sectors will continue to support economic stability in the province, helping offset rising challenges impacting different sectors of the provincial economy.

Rising mortgage rates will contribute to a modest decrease in new residential construction. Furthermore, an overall decline in the North American housing market will curtail demand for provincial wood products destined for export. The manufacturing sector, which relies heavily on exports, will continue to be constrained by the strength of the Canadian dollar and rising energy costs. Conversely, the province's mining operations will benefit from the recent upswing in the price of base metals.

New Brunswick Starts (000's)



Source: CMHC

F: forecast

In addition, New Brunswick's service and retail sectors have shown above average growth compared to other provincial sectors, helping employment reach record levels for the province. Overall, GDP growth in New Brunswick is expected to remain close to 2.5 per cent in both 2006 and 2007.

The existing home market has performed well in 2006, with record high listings in the first half, due in part to concerns over rising mortgage rates and a potential slowdown in the housing market. Expect overall starts to reach 3,445 and 3,120 in 2006 and 2007, respectively.

In Detail

Single Starts: Rising mortgage rates, combined with higher raw material and labour costs will curb single starts over the forecast period. Furthermore, ample inventory will lure home buyers to the existing home market. As such, expect single starts to drop to 2,295 units in 2006, and 2,115 units in 2007.

Multiple Starts: Following a resurgence in 2005, multiple starts have maintained a steady pace early in 2006 as more potential homeowners consider multi-family dwellings in light of rising homeownership costs. Nevertheless, multiple starts are expected to recede slightly to 1,150 units in 2006 and 1,005 units in 2007.

Resales: New listings reached a record high level in the first half of 2006. Unit sales are also up significantly from last year's pace. Despite the strong start, MLS® sales are expected to rise less than one per cent to 6,900 units in 2006, with a decline to 6,150 units in 2007.

Prices: The average MLS® price will maintain its upward trend in 2006, due to the sale of more expensive homes although the pace of growth will begin to slow, in part due to the large inventory available in the existing home market that is providing additional choices for prospective home buyers. Average MLS® price growth will remain up in 2006 rising over 5 per cent before softening in 2007 with a 1.9 per cent level of growth expected.

Provincial Highlight

Rising mortgage rates, combined with steady increases in raw material and labour costs have lead to consistent increases in the overall cost of constructing a new home. As a result, a shift in new home construction has emerged in recent years, contributing to a sizeable escalation in the number of semi-detached units built in New Brunswick. From 1990-1999, the number of semi-detached units started in the province was relatively steady, growing by approximately 6 per cent annually. However, since 2000, semi-detached units have rapidly gained in popularity, particularly with first time home buyers. Indeed, semi-detached starts in the province have been growing by approximately 30 per cent annually during the past five years.

Nova Scotia

Overview

Housing Production Remains High

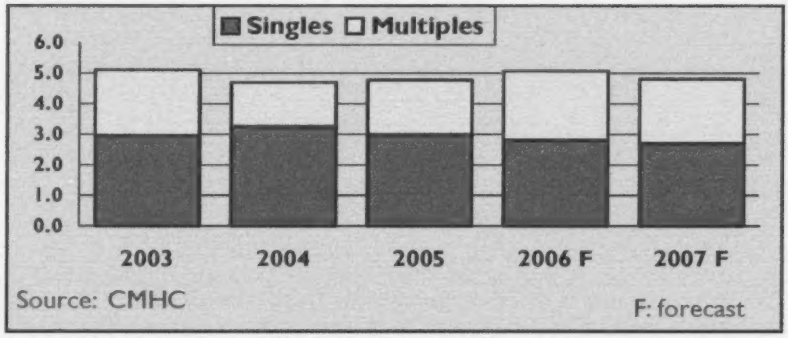
The economic and housing outlook for Nova Scotia has become slightly less clear over the past three months due to a weaker than expected labour market, uncertainty about energy projects and waning optimism about demand for new apartment development. Nevertheless, the performance of the provincial housing market through the first half of this year has been in line with expectations.

As expected, non-residential construction projects have taken centre stage in the provincial economic story in 2006, but this story has included a few unexpected plot twists including the time-out on the Bear Head LNG project and the increasing likelihood of Deep Panuke proceeding to production. Otherwise, infrastructure and retail construction are expected to continue to provide sound support to this sector of the provincial economy.

Neither the provincial labour force nor employment have matched the levels posted through the first half of last year as interprovincial out-migration to Alberta has accelerated due to better job prospects and higher wages 'out West'. This trend is not expected to abate to any significant extent over the next 18 months.

In the absence of any compelling factors that would support continuing growth in housing demand, the Nova Scotia housing starts forecast is increasingly becoming a supply-side story with large apartment projects playing the lead role. Consequently, the forecast of 5,075 total starts this year and 4,800 total starts in 2007 remains virtually unchanged from the previous quarter. However, there is an elevated downside risk to our outlook. If rental and condominium developers shelve intended projects due to further softening in new rental and condo unit absorption, multiple starts could be lower than forecast.

Nova Scotia Starts (000's)



In Detail

Single Starts: The anticipated growth in the supply of building lots will provide increased capacity for Metro Halifax homebuilders to increase production. However, rising land, labour and materials costs will challenge builders, particularly in the context of a bulging inventory of existing homes priced between $275,000 and $400,000. Consequently, single starts are expected to decline 6.1 per cent this year to 2,825 units and another four per cent next year to 2,700 units.

Multiple Starts: Multiple unit housing starts began 2006 in a very impressive fashion, but the pace of apartment construction slowed in the second quarter as condo developers experienced lacklustre pre-sales. Nevertheless, developers remain quite bullish on rental, semi, townhouse, and modest condo projects in anticipation of continuing steady growth in homeownership carrying costs. As a result, multiple starts are expected to climb to 2,250 this year, slipping to 2,100 next year.

Resales: Through the first half of 2006, MLS® sales have matched the record pace set last year. However, rising mortgage carrying costs and stagnant employment growth this year are expected to affect demand in 2007. As a result, MLS® sales are forecast to edge down to 10,050 units this year and fall 6.3 per cent next year to 9,420.

Prices: Softening resale market conditions across the province are expected to usher in a deceleration in annual average MLS® sale price growth from 9.3 per cent last year to 5.2 per cent this year and 3.1 per cent in 2007 when the average sale price will reach $173,100.

Provincial Highlight

With over 10,600 employees earning in excess of $640 million in wages and salaries last year, the military is an essential component of the Nova Scotia economy. Capital investment and spending by military personnel have a tremendous direct and indirect impact on a wide range of businesses. The acquisition of new helicopters and naval supply vessels and the required on-going maintenance of this equipment suggest that the military will generate significant growth in the provincial economy over the next five years. Helicopter maintenance facilities construction is already underway in Dartmouth and there is growing optimism about the potential for Irving Shipyards in Halifax to contribute significantly to naval supply vessel fabrication. In tandem, these projects will provide welcome direct investment and spinoff benefits across numerous sectors of the provincial economy.

P.E.I.

Overview

Starts to remain strong in 2006

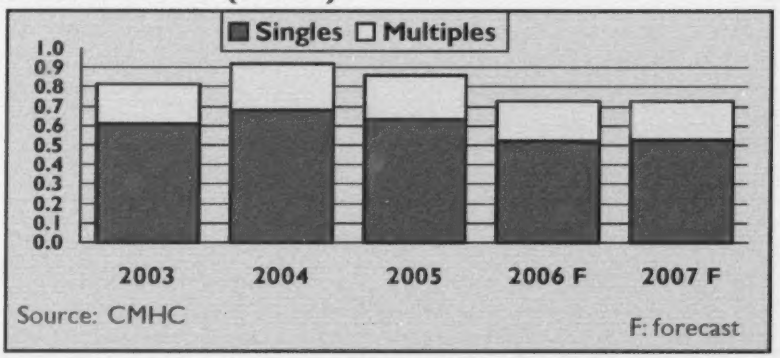
Growth in the Island's economy will be in the 1.8 to 2.0 per cent range during each of the next two years. Nonresidential construction will be a key growth sector this year, expanding by over ten per cent. Several major projects, such as the Charlottetown Waterfront redevelopment, the Master Packaging expansion, the Atlantic Veterinarian Centre expansion and the QEH Expansion, will contribute towards keeping economic growth stable over both years.

However, the Island's economy does face some risk as a result of rising energy costs and the strength of the Canadian dollar. Energy prices in first five months of 2006 increased over 10 per cent relative to the same period in 2005 and are not expected to decline significantly in the near term. Also, the Canadian dollar has remained strong compared to its US dollar counterpart. The combination of these factors will put downward pressure on the Island's tourism industry and will decrease demand for some provincial exports.

Total provincial employment growth is expected to remain positive over the forecast period as a result of employment gains in the construction and manufacturing sectors. This should help offset a small reduction expected in the service sector. Also, the number of public administration jobs is expected to decline this year as the impact of the workforce reduction initiative announced in the 2005 Provincial Budget continues to be rolled out.

Housing starts are expected to decline slightly over the forecast period but remain strong in historic terms. Expect total starts to reach 725 units in both 2006 and 2007.

P.E.I. Starts (000's)



Source: CMHC

F: forecast

In Detail

Single Starts: The construction of single-family homes is expected to soften to 525 units in 2006 and edge higher to 530 units in 2007. Charlottetown will continue to capture the largest number of single starts however. Single starts will decline in both rural and urban centres.

Multiple Starts: After the 16-year high reached in 2004, multiple starts have been slowly declining. Multiple starts in 2006 are expected to reach 200 units, a decrease of over 12 per cent. Multiple starts will edge down to 195 units in 2007. Multiple starts activity will be supported with additional units being built under the federal-provincial affordable housing program.

Resales: MLS® sales have remained close to the 1,400 mark in P.E.I. for the last five years. A slightly higher level of 1,500 units is expected in 2006, as buyers are shifting out of new construction to the more affordable resale market. While the level of listings in the key urban markets has limited the number of sales in previous years, this is no longer the case. Rising prices and interest rates will act as limiting factors to growth in 2007 resulting in a decline in sales to 1,400 units.

Prices: Softening demand and increased listings will combine to moderate price growth. As such look for the average MLS® resale price to rise by 4.9 cent in 2006 and 2.8 per cent in 2007.

Provincial Highlight

In 2005, semi-detached starts in the Charlottetown area reached 89 units, 35 more units than last year. This represents the highest annual level of activity for semi-detached units on record. The tenure of most of the new semi-detached units has also shifted from rental to homeownership. As recently as 2002, the vast majority of semi-detached units were built for the rental market. However in 2005 almost all of the new units were for homeownership. This shift in tenure is mainly the result of rising new home costs, causing many first-time homebuyers to purchase a semi-detached home instead of a single detached unit. The trend of increased levels of semi-detached units for the homeownership market is expected to continue as the cost of new single-detached homes continues to rise.

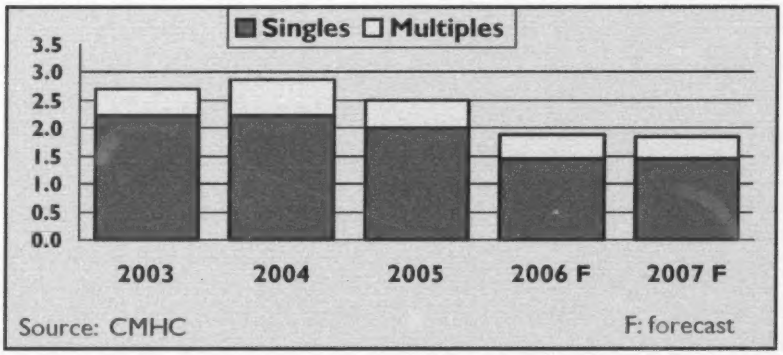
Newfoundland and Labrador

Overview

With both White Rose and Voisey's Bay recording a full year of production, economic output will increase significantly in 2006. However, with no deal at Hebron and recent production shut-down at Terra Nova, we have revised our forecast for provincial GDP growth down from 5 per cent to 4.8 per cent. With new discoveries and production gains, solid growth is expected to continue into 2007, but at a slower pace. The provincial government has reduced the budget deficit, providing room for the province to invest in strategic initiatives which will bolster overall government expenditures. Provincial Government wages and salaries are also slated to increase this year by 3 per cent.

Employment will edge up, by 0.5 per cent this year and next. Personal incomes will continue to grow by 2.7 per cent this year, but with higher interest rates, only modest gains in consumer spending are expected. Ongoing population losses combined with recent interest rate increases will cause domestic demand to ease. With no new mega-projects on the horizon, employment growth will be modest this year and next. The development of power generation, offshore oil development and growth in the mining industry, present upside risk to the current forecast. With the above factors in play, housing starts will decline to 1,875 units this year and 1,850 units in 2007, as higher mortgage carrying costs and weaker employment growth dampen housing demand.

Newfoundland and Labrador Starts (000's)



In Detail

Single Starts: Rising input and development costs, growing competition from the existing home market and higher mortgage carrying costs will be the major factors behind the continued decline in single-detached housing starts this year and next. Ongoing negative net migration, and a marginal labour market performance, will push the singles market down to 1,450 units this year and in 2007.

Multiple Starts: An aging population and a strong local economy are persuading more developers to capitalize on the emerging condo market in St. John's. Accordingly, condo starts are forecast to increase in both 2006-2007. Nevertheless, rising mortgage carrying costs and net outmigration will cause multiple starts to fall to 425 units in 2006 and to 400 units in 2007

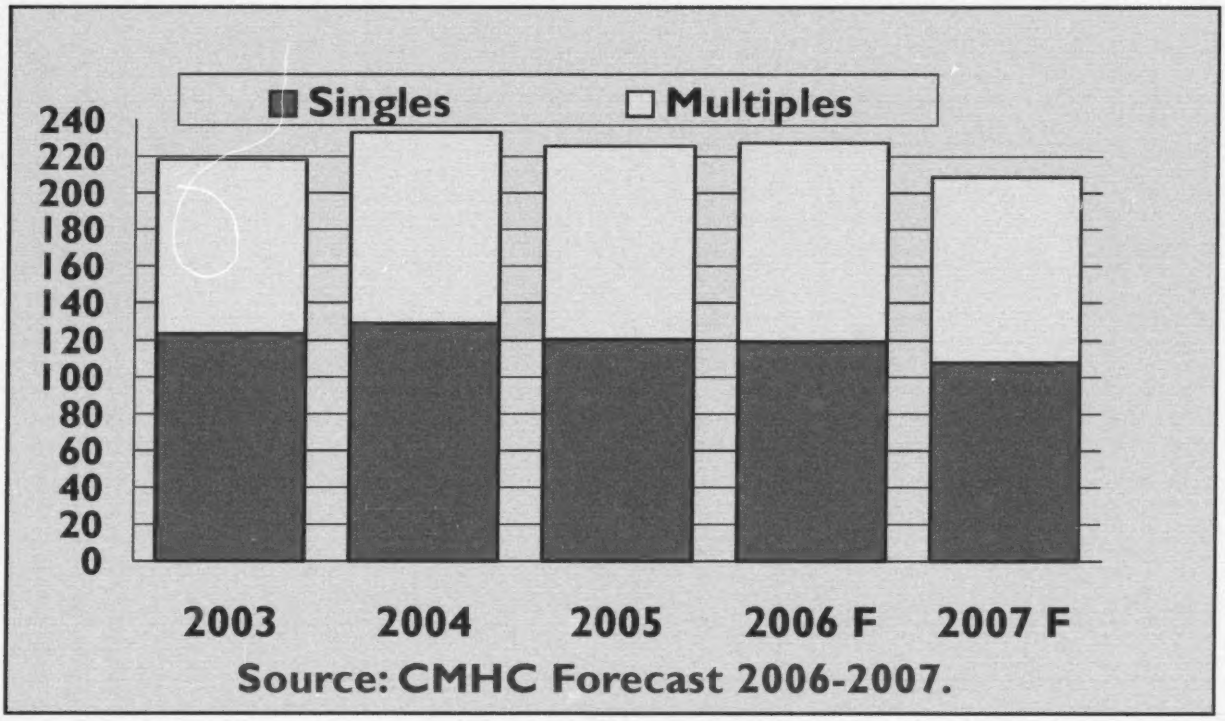
Resales: The recent surge in MLS® listings has provided more choice in the marketplace and helped sustain homebuyer activity in the St. John's region. Overall demand is expected to ease somewhat this year and next. Provincial MLS® sales are forecast to decrease to 3,000 units this year to 2,850 units in 2007.

Prices: The recent surge in homes available for sale has caused the growth in prices to stagnate. Despite strong growth in the second half of 2005, expect prices to rise less than 1 per cent in 2006. The outlook for 2007 will be affected by a decline in demand, with the average MLS® price forecast to increase by 1.8 per cent.

Provincial Highlight

While most of the province continues to experience negative net-migration, there is another issue in Labrador City - where will everyone live? The main employer in the town since the 1960s has donated land to help town planners deal with an impending housing crunch. During the last 30 years, less than 50 serviced lots have been developed within the town. However, an anticipated boom in mining at Iron Ore Company of Canada (IOC) has created demand for new housing. For the first time in its existence, the town of Labrador City now has land to market to prospective developers.

Canada Starts (000's)



Total Housing Starts (units and annual percent change)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	**1,788**	**2,419**	**2,692**	**2,870**	**2,498**	**1,875**	**1,850**
%	22.5	35.3	11.3	6.6	-13.0	-24.9	-1.3
PEI	**675**	**775**	**814**	**919**	**862**	**725**	**725**
%	-4.9	14.8	5.0	12.9	-6.2	-15.9	0.0
NS	**4,092**	**4,970**	**5,096**	**4,717**	**4,775**	**5,075**	**4,800**
%	-7.7	21.5	2.5	-7.4	1.2	6.3	-5.4
NB	**3,462**	**3,862**	**4,489**	**3,947**	**3,959**	**3,445**	**3,120**
%	12.4	11.6	16.2	-12.1	0.3	-13.0	-9.4
QUE	**27,682**	**42,452**	**50,289**	**58,448**	**50,910**	**45,000**	**40,000**
%	12.1	53.4	18.5	16.2	-12.9	-11.6	-11.1
ONT	**73,282**	**83,597**	**85,180**	**85,114**	**78,795**	**77,000**	**70,000**
%	2.5	14.1	1.9	-0.1	-7.4	-2.3	-9.1
MAN	**2,963**	**3,617**	**4,206**	**4,440**	**4,731**	**5,150**	**5,100**
%	15.7	22.1	16.3	5.6	6.6	8.9	-1.0
SASK	**2,381**	**2,963**	**3,315**	**3,781**	**3,437**	**3,600**	**3,600**
%	-5.3	24.4	11.9	14.1	-9.1	4.7	0.0
ALTA	**29,174**	**38,754**	**36,171**	**36,270**	**40,847**	**49,000**	**45,000**
%	11.1	32.8	-6.7	0.3	12.6	20.0	-8.2
BC	**17,234**	**21,625**	**26,174**	**32,925**	**34,667**	**37,000**	**34,900**
%	19.5	25.5	21.0	25.8	5.3	6.7	-5.7
Canada	**162,733**	**205,034**	**218,426**	**233,431**	**225,481**	***227,900**	***209,100**
%	7.3	26.0	6.5	6.9	-3.4	1.1	-8.2

Source: CMHC Forecast 2006-2007.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	1,598	2,092	2,240	2,229	2,005	1,450	1,450
%	21.5	30.9	7.1	-0.5	-10.0	-27.7	0.0
PEI	551	582	613	682	634	525	530
%	-10.3	5.6	5.3	11.3	-7.0	-17.2	1.0
NS	2,761	3,363	2,968	3,270	3,010	2,825	2,700
%	-3.3	21.8	-11.7	10.2	-8.0	-6.1	-4.4
NB	2,573	2,769	3,139	2,970	2,665	2,295	2,115
%	5.4	7.6	13.4	-5.4	-10.3	-13.9	-7.8
QUE	17,193	25,257	27,225	28,871	23,930	20,000	18,000
%	12.0	46.9	7.8	6.0	-17.1	-16.4	-10.0
ONT	39,632	51,114	47,610	48,929	41,682	37,500	32,500
%	-3.5	29.0	-6.9	2.8	-14.8	-10.0	-13.3
MAN	2,460	3,016	3,165	3,484	3,709	3,800	3,900
%	4.8	22.6	4.9	10.1	6.5	2.5	2.6
SASK	1,627	1,931	2,097	2,193	2,425	2,600	2,450
%	-13.9	18.7	8.6	4.6	10.6	7.2	-5.8
ALTA	19,769	24,520	21,918	22,487	26,684	32,750	30,000
%	17.4	24.0	-10.6	2.6	18.7	22.7	-8.4
BC	7,862	10,730	12,252	14,056	13,719	15,100	14,000
%	5.6	36.5	14.2	14.7	-2.4	10.1	-7.3
CAN	96,026	125,374	123,227	129,171	120,463	*118,800	*107,600
%	4.2	30.6	-1.7	4.8	-6.7	-1.4	-9.4

Source: CMHC Forecast 2006-2007.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	190	327	452	641	493	425	400
%	31.9	72.1	38.2	41.8	-23.1	-13.8	-5.9
PEI	124	193	201	237	228	200	195
%	29.2	55.6	4.1	17.9	-3.8	-12.3	-2.5
NS	1,331	1,607	2,128	1,447	1,765	2,250	2,100
%	-15.5	20.7	32.4	-32.0	22.0	27.5	-6.7
NB	889	1,093	1,350	977	1,294	1,150	1,005
%	39.6	22.9	23.5	-27.6	32.4	-11.1	-12.6
QUE	10,489	17,195	23,064	29,577	26,980	25,000	22,000
%	12.2	63.9	34.1	28.2	-8.8	-7.3	-12.0
ONT	33,650	32,483	37,570	36,185	37,113	39,500	37,500
%	10.6	-3.5	15.7	-3.7	2.6	6.4	-5.1
MAN	503	601	1,041	956	1,022	1,350	1,200
%	137.3	19.5	73.2	-8.2	6.9	32.1	-11.1
SASK	754	1,032	1,218	1,588	1,012	1,000	1,150
%	21.0	36.9	18.0	30.4	-36.3	-1.2	15.0
ALTA	9,405	14,234	14,253	13,783	14,163	16,250	15,000
	-0.3	51.3	0.1	-3.3	2.8	14.7	-7.7
BC	9,372	10,895	13,922	18,869	20,948	21,900	20,900
%	34.5	16.3	27.8	35.5	11.0	4.5	-4.6
CAN	66,707	79,660	95,199	104,260	105,018	*109,000	*101,500
%	12.2	19.4	19.5	9.6	0.7	3.8	-6.9

Source: CMHC Forecast 2006-2007.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NF	Semi-detached	30	36	66	264	151	150	125
	Row	36	42	107	51	31	25	25
	Apartment	124	249	279	326	311	250	250
	Total	190	327	452	641	493	425	400
PEI	Semi-detached	56	64	72	76	111	80	100
	Row	10	47	40	80	75	20	20
	Apartment	58	82	89	81	42	100	75
	Total	124	193	201	237	228	200	195
NS	Semi-detached	228	253	338	266	301	350	275
	Row	40	144	277	186	265	200	225
	Apartment	1,063	1,210	1,513	995	1,199	1,700	1,600
	Total	1,331	1,607	2,128	1,447	1,765	2,250	2,100
NB	Semi-detached	114	186	254	293	391	290	310
	Row	153	68	143	256	203	210	115
	Apartment	622	839	953	428	700	650	580
	Total	889	1,093	1,350	977	1,294	1,150	1,005
QC	Semi-detached	1,309	1,855	2,432	2,932	2,678	2,500	2,100
	Row	869	964	773	1,109	1,074	1,000	900
	Apartment	8,311	14,376	19,859	25,536	23,228	21,500	19,000
	Total	10,489	17,195	23,064	29,577	26,980	25,000	22,000
ON	Semi-detached	7,106	6,886	6,379	5,172	4,673	4,300	3,800
	Row	10,269	11,849	12,191	12,824	12,537	12,000	11,200
	Apartment	16,275	13,748	19,000	18,189	19,903	23,200	22,500
	Total	33,650	32,483	37,570	36,185	37,113	39,500	37,500
MAN	Semi-detached	51	68	88	132	133	100	90
	Row	84	76	62	92	161	100	100
	Apartment	368	457	891	732	728	1,150	1,010
	Total	503	601	1,041	956	1,022	1,350	1,200
SK	Semi-detached	116	142	95	184	236	200	200
	Row	240	456	594	681	378	400	400
	Apartment	398	434	529	723	398	400	550
	Total	754	1,032	1,218	1,588	1,012	1,000	1,150
ALB	Semi-detached	1,957	2,869	2,567	2,916	3,012	3,500	3,500
	Row	1,779	2,531	2,859	2,401	2,951	3,100	3,000
	Apartment	5,669	8,834	8,827	8,466	8,200	9,650	8,500
	Total	9,405	14,234	14,253	13,783	14,163	16,250	15,000
B.C.	Semi-detached	916	1,225	1,353	2,062	1,791	1,680	1,600
	Row	1,686	2,305	3,297	4,387	4,459	4,220	4,000
	Apartment	6,770	7,365	9,272	12,420	14,698	16,000	15,300
	Total	9,372	10,895	13,922	18,869	20,948	21,900	20,900
CAN	Semi-detached	11,883	13,584	13,644	14,297	13,477	13,150	12,100
	Row	15,166	18,482	20,343	22,067	22,134	21,275	19,985
	Apartment	39,658	47,594	61,212	67,896	69,407	74,600	69,365
	Total	66,707	79,660	95,199	104,260	105,018	*109,000	*101,500

Source: CMHC Forecast 2006-2007.
* Total does not add due to rounding.

Total Residential Resales
(units and annual percent change)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	**2,808**	**3,014**	**3,238**	**3,265**	**3,211**	**3,000**	**2,850**
%	8.3	7.3	7.4	0.8	-1.7	-6.6	-5.0
PEI	**1,234**	**1,306**	**1,404**	**1,500**	**1,449**	**1,500**	**1,400**
%	2.3	5.8	7.5	6.8	-3.4	3.5	-6.7
NS	**9,441**	**10,243**	**9,221**	**8,887**	**10,387**	**10,050**	**9,420**
%	10.1	8.5	-10.0	-3.6	16.9	-3.2	-6.3
NB	**4,779**	**5,089**	**5,489**	**5,979**	**6,836**	**6,900**	**6,150**
%	5.6	6.5	7.9	8.9	14.3	0.9	-10.9
QUE	**62,351**	**68,161**	**67,130**	**69,296**	**70,649**	**70,000**	**66,500**
%	15.1	9.3	-1.5	3.2	2.0	-0.9	-5.0
ONT	**162,318**	**178,058**	**184,457**	**197,353**	**197,007**	**192,500**	**184,000**
%	10.3	9.7	3.6	7.0	-0.2	-2.3	-4.4
MAN	**11,440**	**11,108**	**11,523**	**12,098**	**12,761**	**12,950**	**13,200**
%	7.8	-2.9	3.7	5.0	5.5	1.5	1.9
SASK	**7,971**	**7,933**	**7,698**	**8,172**	**8,312**	**8,750**	**8,700**
%	5.5	-0.5	-3.0	6.2	1.7	5.3	-0.6
ALTA	**48,989**	**51,042**	**51,334**	**57,460**	**65,866**	**75,000**	**73,000**
%	13.1	4.2	0.6	11.9	14.6	13.9	-2.7
BC	**69,554**	**82,737**	**93,095**	**96,385**	**106,310**	**101,000**	**97,000**
%	28.4	19.0	12.5	3.5	10.3	-5.0	-4.0
CAN**	**380,885**	**418,691**	**434,589**	**460,395**	**482,788**	**481,700**	**462,200**
%	14.1	9.9	3.8	5.9	4.9	-0.2	-4.0

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2006-2007.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price
(dollars and annual percent change)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	**104,376**	**113,081**	**119,822**	**131,499**	**141,167**	**142,500**	**145,000**
%	4.9	8.3	6.0	9.7	7.4	0.9	1.8
PEI	**87,696**	**94,964**	**101,745**	**110,815**	**117,237**	**123,000**	**126,500**
%	5.8	8.3	7.1	8.9	5.8	4.9	2.8
NS	**115,485**	**126,669**	**136,292**	**146,033**	**159,556**	**167,900**	**173,100**
%	5.1	9.7	7.6	7.1	9.3	5.2	3.1
NB	**95,947**	**100,129**	**105,858**	**112,933**	**120,641**	**127,120**	**129,565**
%	4.7	4.4	5.7	6.7	6.8	5.4	1.9
QUE	**115,820**	**130,403**	**151,881**	**171,099**	**184,583**	**197,000**	**203,000**
%	4.1	12.6	16.5	12.7	7.9	6.7	3.0
ONT	**193,357**	**210,901**	**226,824**	**245,230**	**263,042**	**280,400**	**291,000**
%	5.2	9.1	7.5	8.1	7.3	6.6	3.8
MAN	**93,192**	**96,531**	**106,788**	**119,245**	**133,854**	**150,500**	**163,000**
%	6.0	3.6	10.6	11.7	12.3	12.4	8.3
SASK	**98,310**	**101,297**	**104,995**	**110,824**	**122,765**	**132,000**	**140,000**
%	4.5	3.0	3.7	5.6	10.8	7.5	6.1
ALTA	**153,737**	**170,253**	**182,845**	**194,769**	**218,266**	**278,750**	**310,000**
%	5.1	10.7	7.4	6.5	12.1	27.7	11.2
BC	**222,822**	**238,877**	**259,968**	**289,107**	**332,224**	**391,700**	**425,600**
%	0.7	7.2	8.8	11.2	14.9	17.9	8.7
CAN**	**171,801**	**188,785**	**207,162**	**226,386**	**249,365**	***279,300**	***297,100**
%	4.7	9.9	9.7	9.3	10.2	12.0	6.4

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2006-2007.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	2.9	1.7	2.4	1.0	-0.1	0.5	0.5
PEI	1.5	1.7	2.2	1.3	1.9	0.8	1.0
NS	0.9	1.8	2.0	2.6	0.2	-0.8	0.4
NB	-0.3	3.9	0.0	2.0	0.1	1.8	0.8
QUE	1.1	3.8	1.7	1.4	1.0	1.3	1.1
ONT	1.9	1.8	3.0	1.7	1.3	1.9	1.7
MAN	0.4	2.3	0.5	1.1	0.6	1.3	1.1
SASK	-2.8	1.7	1.7	0.8	0.8	0.4	0.7
ALTA	3.0	2.4	2.7	2.4	1.5	3.8	2.4
BC	-0.5	2.3	2.5	2.4	3.3	3.1	2.3
CAN	1.2	2.4	2.4	1.8	1.4	2.0	1.6

Sources: Statistics Canada, CMHC Forecast 2006-2007.
(F) Forecast.

Unemployment Rate (percent)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	16.0	16.6	16.5	15.7	15.2	15.0	14.7
PEI	12.0	12.1	11.0	11.2	10.8	11.0	11.0
NS	9.8	9.6	9.1	8.8	8.4	8.2	7.8
NB	11.1	10.2	10.3	9.8	9.7	9.2	9.2
QUE	8.8	8.6	9.1	8.5	8.3	8.1	8.1
ONT	6.4	7.1	6.9	6.8	6.6	5.9	5.6
MAN	5.1	5.1	5.0	5.3	4.8	4.3	4.2
SASK	5.8	5.7	5.6	5.3	5.1	5.1	4.9
ALTA	4.7	5.3	5.1	4.6	3.9	3.6	3.6
BC	7.7	8.5	8.0	7.2	5.9	4.7	4.4
CAN	7.2	7.7	7.6	7.2	6.8	6.2	6.0

Sources: Statistics Canada, CMHC Forecast 2006-2007.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	1.6	16.4	6.2	-1.4	0.4	4.8	2.5
PEI	-1.1	5.8	1.5	1.8	2.0	1.8	2.0
NS	3.2	4.2	0.9	1.4	1.1	2.2	2.5
NB	1.7	4.4	1.7	2.0	0.5	2.4	2.5
QUE	1.5	2.7	2.1	2.3	2.2	2.4	2.6
ONT	1.8	3.2	1.6	2.7	2.8	3.0	3.1
MAN	0.8	1.9	1.8	2.3	2.7	3.1	2.6
SASK	-1.0	-0.2	3.8	3.4	3.2	2.9	3.1
ALTA	1.7	2.5	3.1	4.3	4.5	5.4	4.2
BC	0.6	3.5	2.7	4.0	3.5	3.5	3.5
CAN	1.8	3.1	2.0	2.9	2.9	3.1	3.0

Sources: Statistics Canada, CMHC Estimate 2005, CMHC Forecast 2006-2007
(F) Forecast.

Total Net Migration* (persons)

	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	-3,765	-2,657	-691	-1,508	-2,981	-3,500	-2,450
PEI	357	148	373	-4	206	300	275
NS	-195	1,100	1,362	874	-1,366	-400	-100
NB	-1,175	699	-428	215	-1,619	-1,800	-1,100
QUE	27,730	29,038	33,335	35,138	28,990	31,500	32,000
ONT	162,871	135,886	105,354	98,398	94,952	102,359	108,700
MAN	-807	1,844	3,315	5,934	-490	2,700	4,250
SASK	-7,675	-6,285	-3,605	-2,445	-6,592	-7,800	-4,600
ALTA	38,273	29,503	22,425	24,246	59,043	62,500	54,200
BC	28,700	24,488	34,120	37,331	43,106	44,200	48,300
CAN**	244,314	213,764	195,560	198,179	213,249	230,059	239,475

Sources: Statistics Canada, CMHC Forecast 2006-2007. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2005	2,058	974	7.9	7,970	380,897	0.5
	2006(F)	2,220	1,020	9.0	7,700	418,500	0.8
	2007(F)	2,185	995	8.0	7,500	430,000	1.2
Vancouver	2005	18,914	4,935	5.5	42,222	425,745	1.4
	2006(F)	20,500	5,500	6.0	39,000	495,000	1.5
	2007(F)	20,000	5,400	7.0	37,500	520,000	1.3
Abbotsford	2005	1,012	458	na	4,035	260,856	3.8
	2006(F)	1,100	490	na	4,100	280,000	5.0
	2007(F)	1,150	500	na	3,800	295,000	3.8
Edmonton	2005	13,294	7,623	6.5	18,634	193,934	4.5
	2006(F)	14,700	9,000	15.0	21,500	240,000	1.5
	2007(F)	13,200	8,000	8.0	20,000	260,000	1.0
Calgary	2005	13,667	8,719	7.0	31,567	250,789	1.6
	2006(F)	16,500	10,500	25.0	36,000	338,500	0.6
	2007(F)	14,500	9,500	12.0	34,000	375,000	0.6
Saskatoon	2005	1,062	751	5.6	3,246	144,787	4.6
	2006(F)	1,400	700	5.0	3,400	156,000	5.0
	2007(F)	1,400	700	6.0	3,400	167,000	4.8
Regina	2005	888	572	6.4	2,730	122,284	3.0
	2006(F)	1,200	600	7.0	2,800	136,000	3.0
	2007(F)	1,000	600	6.0	2,700	150,000	3.0
Winnipeg	2005	2,586	1,756	8.5	11,415	137,062	1.7
	2006(F)	2,700	1,800	8.5	11,550	155,500	2.2
	2007(F)	2,800	1,900	8.0	11,750	168,750	2.7
Thunder Bay	2005	227	179	2.0	1,563	125,977	5.0
	2006(F)	200	150	2.0	1,497	127,558	5.0
	2007(F)	205	155	1.0	1,437	130,141	6.0
Sudbury	2005	400	384	2.0	2,593	134,440	2.0
	2006(F)	430	400	2.0	2,671	144,000	2.0
	2007(F)	440	410	1.0	2,724	149,000	3.0
Windsor	2005	1,496	1,110	2.9	5,661	163,000	10.0
	2006(F)	1,225	825	1.0	5,200	164,500	8.0
	2007(F)	1,170	800	2.0	5,000	165,500	6.0
London	2005	3,067	2,063	4.8	9,133	178,910	4.2
	2006(F)	3,400	2,100	4.7	8,985	190,200	3.8
	2007(F)	2,894	1,900	3.6	8,600	197,800	4.1
Kitchener	2005	3,763	2,082	5.0	6,147	221,511	3.3
	2006(F)	3,050	1,800	4.5	6,250	237,500	3.1
	2007(F)	2,900	1,700	4.0	6,100	247,500	2.9
St. Catharines-Niagara	2005	1,412	1,043	7.0	6,698	182,443	2.7
	2006(F)	1,420	1,000	4.5	6,800	193,450	2.4
	2007(F)	1,380	950	3.5	6,600	199,350	2.3
Hamilton	2005	3,145	1,502	6.0	13,565	229,753	4.3
	2006(F)	3,180	1,380	5.8	13,700	250,000	4.2
	2007(F)	3,155	1,350	5.5	13,500	260,000	4.0
Toronto	2005	41,596	15,797	4.5	85,672	336,176	3.7
	2006(F)	40,400	13,500	4.0	84,000	358,000	3.5
	2007(F)	36,700	11,500	3.5	81,000	371,000	3.0

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa*	2005	2,934	2,301	na	9,232	252,606	3.3
	2006(F)	2,980	2,140	na	9,400	260,300	3.0
	2007(F)	2,620	1,920	na	9,000	264,500	2.9
Kingston	2005	683	598	na	3,464	195,757	2.4
	2006(F)	875	550	na	3,350	210,000	2.3
	2007(F)	700	525	na	3,200	215,000	2.1
Ottawa	2005	4,982	2,350	5.5	13,300	248,358	3.3
	2006(F)	5,150	2,380	3.5	13,400	256,000	3.0
	2007(F)	5,030	2,360	2.5	13,100	262,000	2.8
Gatineau	2005	2,123	1,192	3.5	3,992	164,000	3.1
	2006(F)	2,150	1,100	3.75	4,100	170,000	3.2
	2007(F)	2,000	1,000	3.0	3,850	173,000	3.0
Montréal	2005	25,317	8,544	5.5	37,951	222,915	2.0
	2006(F)	23,000	7,500	6.0	38,000	236,000	2.5
	2007(F)	20,000	6,500	5.0	37,500	245,000	3.0
Trois-Rivières	2005	919	367	na	773	112,247	1.5
	2006(F)	950	340	na	860	117,500	1.9
	2007(F)	775	310	na	800	120,000	2.3
Sherbrooke	2005	1,076	557	na	1,287	150,800	1.2
	2006(F)	1,270	500	na	1,335	157,300	1.6
	2007(F)	890	425	na	1,230	162,600	2.0
Québec	2005	5,835	2,528	4.3	7045	151,660	1.4
	2006(F)	5,000	2,250	6.0	7150	160,700	2.0
	2007(F)	4,200	1,850	4.0	7000	166,300	2.5
Saguenay	2005	464	267	na	1,244	109,419	4.5
	2006(F)	440	250	na	1,150	117,000	5.0
	2007(F)	385	235	na	1,100	123,000	5.1
Saint John	2005	501	403	4.1	1,901	119,719	5.7
	2006(F)	500	340	3.5	1,950	128,000	5.5
	2007(F)	580	340	3.0	1,700	130,500	5.5
Halifax	2005	2,451	1,216	2.5	6,491	187,934	3.3
	2006(F)	2,775	1,125	4.5	6,250	200,000	3.6
	2007(F)	2,675	1,000	4.0	5,900	206,000	3.2
St. John's	2005	1,534	1,096	5.8	3,196	141,167	4.5
	2006(F)	1,200	825	3.5	2,900	143,500	5.0
	2007(F)	1,150	825	3.0	2,800	145,000	5.0
Charlottetown	2005	448	305	4.3	486	144,036	4.4
	2006(F)	395	245	3.0	475	150,000	4.5
	2007(F)	395	245	3.0	500	152,500	4.0
ALL METRO AREAS	2005	157,854	71,672	4.8	343,213		2.7
	2006(F)	160,310	70,310	7.3	345,473		2.7
	2007(F)	146,479	63,895	5.5	333,291		2.8

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2006-2007

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

*MLS® numbers reflect all of Durham Region

n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	04:Q3	04:Q4	05:Q1	05:Q2	05:Q3	05:Q4	06:Q1	06:Q2
New housing								
Building permits, units, thousands	241.7	238.8	220.6	236.0	231.8	267.6	236.9	n.a.
%	-3.8	-1.2	-7.6	6.9	-1.8	15.5	-11.5	n.a.
Housing starts, total, thousands	238	233.1	212.3	233	227.4	224.6	248	228.9
%	2.6	-2.1	-8.9	9.8	-2.4	-1.2	10.4	-7.7
Housing starts, singles, thousands	134.4	127.4	116.1	125	116.7	121.7	132.5	121.9
%	6.4	-5.2	-8.9	7.7	-6.6	4.3	8.9	-8.0
Housing starts, multiples, thousands	103.6	105.7	96.2	108	110.7	102.9	115.5	107
%	-1.9	2.0	-9.0	12.3	2.5	-7.0	12.2	-7.4
Housing completions, total, thousands	61,642	60,035	47,053	51,688	58,095	54,406	49,321	51,784
%	26.7	-2.6	-21.6	9.9	12.4	-6.3	-9.3	5.0
New house price index, 1997=100	124.2	125.4	126.5	128.4	130.1	132.4	135.4	n.a.
%	1.30	0.97	0.88	1.50	1.30	1.79	2.27	n.a.
Existing housing								
MLS® resales, units, thousands	455,200	453,028	454,940	488,612	500,448	488,932	500,016	485,456
%	-3.8	-0.5	0.4	7.4	2.4	-2.3	2.3	-2.9
MLS® average resale price, $C thousands	225,642	234,339	239,450	247,166	251,352	258,542	267,245	276,935
%	-0.0	3.9	2.2	3.2	1.7	2.9	3.4	3.6
Mortgage market								
1-year mortgage rate, per cent*	4.60	4.90	4.88	4.83	4.97	5.55	5.90	6.37
5-year mortgage rate, per cent*	6.38	6.25	6.12	5.90	5.80	6.15	6.40	6.82
Residential investment**								
Total, $1997 millions	66,632	67,888	67,120	68,183	69,080	69,073	71,392	n.a.
%	1.8	1.9	-1.1	1.6	1.3	-0.0	3.4	n.a.
New, $1997 millions	33,527	34,192	33,207	33,073	32,964	32,886	34,397	n.a.
%	2.2	2.0	-2.9	-0.4	-0.3	-0.2	4.6	n.a.
Alterations, $1997 millions	23,868	24,696	24,864	25,556	25,848	26,528	27,132	n.a.
%	2.5	3.5	0.7	2.8	1.1	2.6	2.3	n.a.
Transfer costs, $1997 millions	9,332	9,188	9,260	9,740	10,348	9,932	10,128	n.a.
%	-0.6	-1.5	0.8	5.2	6.2	-4.0	2.0	n.a.
Deflator, 1997=100	126.7	127.5	129.2	130.5	130.7	132.8	135.3	n.a.
%	0.6	0.7	1.3	1.0	0.2	1.6	1.8	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

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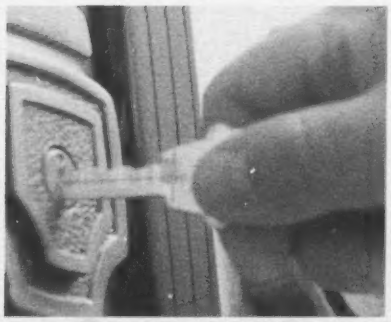

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